

THE OFFICE OF REGULATORY STAFF

DIRECT TESTIMONY & EXHIBITS

OF

MICHEAL L. SEAMAN-HUYNH

DECEMBER 14, 2017



DOCKET NO. 2017-228-S

**Application of Palmetto Utilities, Incorporated for
Adjustment of Rates and Charges for Customers in the
Palmetto Utilities and Palmetto of Richland County Service
Areas**

DIRECT TESTIMONY AND EXHIBITS OF

MICHAEL L. SEAMAN-HUYNH

ON BEHALF OF

THE SOUTH CAROLINA OFFICE OF REGULATORY STAFF

DOCKET NO. 2017-228-S

**IN RE: APPLICATION OF PALMETTO UTILITIES, INCORPORATED FOR
ADJUSTMENT OF RATES AND CHARGES FOR CUSTOMERS IN THE PALMETTO
UTILITIES AND PALMETTO OF RICHLAND COUNTY SERVICE AREAS**

Q. PLEASE STATE YOUR NAME, BUSINESS ADDRESS AND OCCUPATION.

A. My name is Michael Seaman-Huynh. My business address is 1401 Main Street, Suite 900, Columbia, South Carolina 29201. I am employed by the State of South Carolina as a Senior Regulatory Manager in the Utility Rates and Services Division of the Office of Regulatory Staff (“ORS”).

Q. PLEASE STATE YOUR EDUCATIONAL BACKGROUND AND EXPERIENCE.

A. I received my Bachelor’s Degree from the University of South Carolina in 1997. Prior to my employment with ORS, I was employed as an energy analyst with a private consulting firm. I joined ORS in 2006 as an Electric Utilities Specialist and I assumed my current position of Senior Regulatory Manager in May 2016.

Q. HAVE YOU PREVIOUSLY TESTIFIED BEFORE THE PUBLIC SERVICE COMMISSION OF SOUTH CAROLINA (“COMMISSION”)?

A. Yes. I have testified on numerous occasions before the Commission in connection with hearings concerning the Fuel Adjustment Clause, general rate cases, and Utility Facility Siting and Environmental Protection Act proceedings.

Q. WHAT IS THE PURPOSE OF YOUR TESTIMONY IN THIS PROCEEDING?

A. The purpose of my testimony is to address certain areas of ORS's examination of Palmetto Utilities, Inc.'s ("PUI" or "Company") application for adjustments in sewer rates and charges under Docket No. 2017-228-S ("Application"). My testimony will specifically address:

- 1) The Company's compliance with Commission rules and regulations and performance bond requirements;
- 2) ORS's adjustments to Utility Operating Revenues;
- 3) ORS's adjustments for Customer Growth;
- 4) The Company's migration of all customers to a flat monthly rate for sewer service;
- and
- 5) The Company's requested changes to non-recurring charges.

These adjustments, more fully discussed below, were provided by the ORS Utility Rates and Services Division to the ORS Audit Department and are shown in Audit Exhibit ALB-2 of ORS witness Butler's testimony.

Q. PLEASE EXPLAIN HOW YOU COMPILED INFORMATION FOR YOUR TESTIMONY AND EXHIBITS.

A. ORS relied upon the results of its Business Office Compliance Review, information provided by PUI in its Application and additional information provided by PUI during the

course of the facility site inspections conducted by ORS. ORS also reviewed PUI's financial statements and performance bond documents submitted to the Commission.

Q. PLEASE PROVIDE AN OVERVIEW OF THE LOCATION, SERVICE TYPE AND CUSTOMER BASE SERVED BY PUI.

A. PUI is a public utility providing sewer collection and treatment services to the customers in portions of Kershaw and Richland counties. PUI's operations are classified by the National Association of Regulatory Utility Commissioners ("NARUC") as a Class A wastewater utility according to sewer revenues reported on its application for the test year ending March 31, 2017 ("Test Year"). As of the end of the Test Year, PUI was providing sewer collection and treatment services to 26,207 residential, commercial, and industrial customers.

Q. PLEASE EXPLAIN THE CORPORATE STRUCTURE OF PUI.

A. In 2015, PUI was purchased by Ni Pacolet Milliken Utilities, Inc. ("Ni Pacolet Milliken"), a subsidiary of Pacolet Milliken Enterprises, Inc. ("Pacolet Milliken"). On March 31, 2017, PUI and Palmetto of Richland County, LLC ("PRC") jointly filed an application with the Commission for approval to merge the customers and assets of PUI and PRC into one company (Docket No. 2017-105-S). This Commission approved the merger on July 11, 2017 (Order No. 2017-433) and PUI is now the regulated sewer utility for all customers.

Q. PLEASE EXPLAIN THE BUSINESS OFFICE COMPLIANCE REVIEW.

A. Exhibit MSH-1 provides a summary of the Business Office Compliance Review completed by ORS and a summary of the sewer collection and treatment systems inspected by ORS on November 21, 2017. During the Business Office Compliance Review, ORS

1 reviewed PUI's office records to determine compliance with Commission rules and
2 regulations. Required operator logs were being kept at each facility and general
3 housekeeping items including system entry points, access roads and signage were found to
4 be satisfactory during the review. ORS found that PUI is in compliance with all
5 Commission requirements.

6 During ORS's inspection, the sewer collection and treatment system was operating
7 adequately and in accordance with South Carolina Department of Health and
8 Environmental Control ("DHEC") rules and regulations. There have been no recent
9 reportable sanitary sewer overflows and the collection system did not experience any
10 substantial inflow and infiltration problems during the Test Year. ORS also confirmed that
11 the recently constructed PRC Pump Station, Intermediate Pump Station, Kelly Mill Pump
12 Station, Northern Pipeline, Spears Creek Regional Wastewater Treatment Plant ("Spears
13 Creek WWTP"), and Wateree River Discharge Pipeline ("Wateree Pipeline") (collectively,
14 the "Projects") were in operation during the November 21, 2017 inspection.

15 **Q. HAVE THE PROJECTS BEEN PERMITTED TO PROVIDE SERVICE TO THE**
16 **CUSTOMERS?**

17 **A.** On October 4, 2017, PUI received partial approval from DHEC to place the PRC
18 Pump Station, Intermediate Pump Station, Kelly Mill Pump Station, Northern Pipeline,
19 Spears Creek WWTP, and Wateree Pipeline into service. ORS witness Morgan provides
20 additional details on the current status of the final approvals from DHEC.

21 **Q. WHAT IS THE CURRENT STATUS OF THE COMPANY'S RAPID**
22 **INFILTRATION BASINS ("RIBS")?**

1 **A.** The RIBS are no longer in operation. The Company filed a closure plan for the
2 RIBS with DHEC in October 2017. ORS adjusted the Company's operating expenses to
3 account for the closure of the RIBS. These adjustments are reflected in ORS witness
4 Butler's Adjustment #3M.

5 **Q. PLEASE EXPLAIN THE STATUS OF THE PERFORMANCE BOND FOR PUI.**

6 **A.** PUI has a current performance bond for sewer operations on file with the
7 Commission. The bond is secured by an Irrevocable Letter of Credit from Bank of America
8 as surety for \$350,000. Based on the expenses from the Test Year and using the criteria
9 set forth in S.C. Code Ann. Regs. 103-512.3.1 (2012), ORS determined that the face
10 amount of PUI's bond should remain at \$350,000. ORS respectfully requests that the
11 Commission continue to require PUI to maintain its performance bond in the amount of
12 \$350,000 as it is in the public interest to maintain a bond that satisfies the criteria as set
13 forth in S.C. Code Ann. § 58-5-720.

14 **Q. PLEASE EXPLAIN THE TEST YEAR REVENUE AS CALCULATED BY ORS.**

15 **A.** Exhibit MSH-2, page 1, summarizes PUI's service revenues for the Test Year.
16 ORS used consumption data provided by PUI and PUI's current and proposed rates for
17 these calculations. These calculations include the miscellaneous revenue for PUI (Exhibit
18 MSH-3). ORS calculated PUI's Test Year revenue, as adjusted, of \$16,440,513. ORS
19 made a revenue adjustment of \$184,101 to reflect ORS's bill analysis using customer
20 billing information provided by the Company. These revenue adjustments are reflected in
21 ORS witness Butler's Adjustments #1 and #2.

22 **Q. PLEASE EXPLAIN THE PROPOSED REVENUE INCREASE AS CALCULATED**
23 **BY ORS.**

1 **A.** As shown in Exhibit MSH-2, page 2, ORS calculated PUI's proposed revenue
2 increase of \$10,707,467. ORS made revenue adjustments to reflect ORS's bill analysis
3 using the customer billing information provided by the Company and to incorporate
4 additional miscellaneous revenue. These adjustments are reflected in ORS witness Butler's
5 Adjustments #10 and #11.

6 **Q. PLEASE EXPLAIN THE ADJUSTMENT THAT ORS RECOMMENDS TO THE**
7 **ALLOCATED CORPORATE OVERHEAD FROM PACOLET MILLIKEN**
8 **ENTERPRISES, INC.**

9 **A.** As shown in Company witness Powell-Baker's Exhibit APB Exhibit 1, Pacolet
10 Milliken is the parent company for Ni Pacolet Milliken, which owns Ni South Carolina
11 Utilities, Inc., the parent company of PUI. ORS's review found some personnel employed
12 by Pacolet Milliken provide services for a number of Pacolet Milliken subsidiaries
13 including Lockhart Power Company ("Lockhart").

14 Lockhart is a regulated electric utility and its most recent general rate case (Docket
15 No. 2013-378-E) was completed prior to Pacolet Milliken's purchase of PUI and the
16 creation of Ni Pacolet Milliken in 2015. Lockhart's rates for electric service include all of
17 Lockhart's expenses, including one-hundred percent (100%) of Company witness Stone's
18 salary and benefits. To recognize that a portion of Company witness Stone's salary and
19 benefits are recovered through the Lockhart's rates, ORS recommends a reduction of
20 \$120,811 to the allocated salary and benefits from Pacolet Milliken. This adjustment is
21 reflected in ORS witness Butler's Adjustment #3L.

22 **Q. PLEASE EXPLAIN ORS'S CUSTOMER GROWTH CALCULATION.**

1 **A.** To capture additional revenues and expenses generated by customers which may
2 be added to the Company's system, ORS included adjustments for sewer customer growth.
3 The customer growth factors are determined by calculating the difference between the total
4 number of customers at the end of the Test Year and the average number of customers
5 during the Test Year, and dividing the result by the average number of customers during
6 the Test Year. As shown in Exhibit MSH-4, the projected growth for PUI is 1.9014%. The
7 customer growth factor is reflected in ORS witness Butler's Adjustments #9 and #15.

8 **Q. HAS THE COMPANY PROPOSED ANY MODIFICATIONS TO ITS CURRENT**
9 **TARIFF STRUCTURE?**

10 **A.** Yes. The Company has requested it be allowed to migrate all residential customers
11 to a flat monthly charge for sewer service. Currently, residential customers in the former
12 PRC service territory are billed for sewer service using a volumetric rate based on the
13 amount of water the customer purchases from the City of Columbia. Customers of the PUI
14 service territory would not experience a change as they are already billed a flat monthly
15 rate for sewer. PUI will no longer receive water consumption information from the City
16 of Columbia and PUI does not provide water service to any of its customers. It is
17 reasonable that all customers in PUI's service territory be billed a flat monthly rate for
18 service.

19 **Q. PLEASE DISCUSS THE IMPACTS TO CUSTOMERS IF THE COMMISSION**
20 **APPROVES A FLAT MONTHLY RATE FOR PUI SEWER SERVICE.**

21 **A.** The Company has been paying the City of Columbia for water consumption data
22 for customers in its legacy PRC service territory. If a flat monthly sewer service rate were
23 approved, the Company would save approximately \$69,000 annually. In addition, a flat

monthly rate would reduce PUI administrative costs by streamlining billing and reducing the amount of billing corrections due to inaccurate water consumption data. Other benefits to customers include certainty in their monthly sewer bill amounts and insulation from spikes in their billing due to seasonal water usage. It is possible that some former PRC customers who use a minimal amount of water may see an increase in their monthly bill, while other high water usage customers may see a decrease in their monthly bill due to the change to a flat monthly rate structure. For comparison purposes, ORS performed the following comparative analysis:

- A legacy PRC residential customer with lower than average monthly water consumption of 300 cubic feet (approximately 2,250 gallons) monthly bill amount will increase from \$24.99 to \$68.05. This is an increase of \$43.06 or 172%.
- A legacy PRC residential customer with higher than average monthly water consumption of 1,200 cubic feet (approximately 9,000 gallons) monthly bill amount will decrease from \$69.36 to a \$68.05. This is a decrease of \$1.31 or -2%.
- A legacy PUI residential customer's bill with increase from a flat rate monthly bill of \$36.50 to \$68.05. This is an increase of \$31.55 or 86%.

Q. PLEASE DISCUSS PUI'S OFFER TO PHASE IN THE RATE INCREASE OVER A PERIOD OF THREE YEARS.

A. In an effort to minimize the immediate impact to its customers, the Company has offered to phase-in its proposed increase over a three-year period. ORS supports the Company's proposal.

Q. PLEASE EXPLAIN PUI'S REQUESTED CHANGES TO NON-RECURRING CHARGES.

1 **A.** PUI has requested changes to its rate schedule for several non-recurring charges
2 including:

- 3 1) A decrease to the non-recurring connection fee in the legacy PRC service territory
4 from \$1,300 to \$250;
5 2) A decrease to the non-recurring plant impact fee in the legacy PRC service territory
6 from \$2,640 to \$800; and
7 3) A decrease to the non-recurring customer account charge in the legacy PRC service
8 territory from \$30 to \$20.

9 These non-recurring fees and charges are typically paid by land developers and new
10 customers. As part of the Application, the Company requested a waiver pursuant to S.C.
11 Code Regs. 103-803 (2012) regarding the cost justification of these fees.

12 ORS requested PUI provide information related to the Company's costs to provide
13 the services associated with these non-recurring fees and charges. PUI did not provide the
14 cost information or the calculation for the fees and charges and ORS is unable to verify the
15 accuracy of the reductions in connection fee, plant impact fee, and customer account
16 charge. While lower connection and plant impact fees may influence economic
17 development in the PUI service territory, reducing the fees and charges billed to developers
18 and new customers may cause a cost shift which impacts the Company's existing
19 customers. It is ORS's position that a wastewater utility should establish non-recurring
20 charges and fees at a sufficient level to recover the true cost to provide the service from the
21 new customer.

22 **Q. HAS ORS REVIEWED THE COMPANY'S PROPOSED RATES AND CHARGES?**

1 **A.** Yes. ORS has reviewed PUI's currently approved rates and charges as well as those
2 proposed by PUI. Exhibit MSH-5 provides a comparison of the current rates and PUI's
3 proposed changes to the Company's rate schedules.

4 **Q. DOES THIS CONCLUDE YOUR TESTIMONY?**

5 **A.** Yes, it does.



ORS BUSINESS OFFICE COMPLIANCE REVIEW: Sewer Company

Utility: Palmetto Utilities, Inc.
Inspector(s): Willie Morgan, Michael Seaman-Huynh
Office: 1710 Woodcreek Farms Rd, Elgin, SC
Utility Type: Sewer
Date: November 21, 2017
Company Representative: Bryan Stone, Adam Delk, Andrena Powell-Baker

#	Compliance Regulation	In Compliance	Out of Compliance	Comments
1	All records and reports available for examination in accordance with R.103-510.	X		
2	Complaint records maintained in accordance with R.103-516.	X		
3	Utility's rates, its rules and regulations, and its up-to-date maps and plans available for public inspection in accordance with R.103-530.	X		
4	Established procedures to assure that every customer making a complaint is made aware that the utility is under the jurisdiction of the South Carolina Public Service Commission and that the customer has the right to register the complaint in accordance with R.103-530.	X		
5	Deposits charged within the limits established by R.103-531.	X		No deposits charged
6	Timely and accurate bills being rendered to customers in accordance with R.103-532.	X		
7	Bill forms in accordance with R.103-532.	X		
8	Adjustments of bills handled in accordance with R.103-533.	X		
9	Policy for customer denial or discontinuance of service in accordance with R.103-535.	X		
10	Notices sent to customers prior to termination in accordance with Rule R.103-535.	X		
11	Notices filed with the Commission of any violation of PSC or DHEC rules which affect service provided to its customers in accordance with rule R.103-514.C.	X		

Exhibit MSH-1

#	Compliance Regulation	In Compliance	Out of Compliance	Comments
12	Utility has adequate means (telephone, etc.) whereby each customer can contact the water and/or wastewater utility at all hours in case of emergency or unscheduled interruptions or service in accordance with R.103-530.	X		
13	Records maintained of any condition resulting in any interruption of service affecting its entire system or major division, including a statement of time, duration, and cause of such an interruption in accordance with R.103-514.	X		
14	Utility advised the Commission, in accordance with Rule 103-512 of the name, title, address and telephone number of the person who should be contacted in connection with general management duties, customer relations, engineering operations, and emergencies during non-office hours.	X		
15	Utility verified the maps on file with the Commission include all the service area of the company.	X		
16	Utility has a current performance bond on file with the Commission.	X		
17	Utility maintains a documented Safety Program.	X		
18	Utility maintains a documented Emergency Response plan.	X		
19	Utility maintains a documented Preventative Maintenance plan.	X		
20	Utility submitted a current Annual Report.	X		
21	Utility is in compliance with Gross Receipts reporting and payment regulations.	X		



ORS WASTEWATER SYSTEM INSPECTION REPORT

Inspection Overview

Date Inspected:	November 21, 2017
Inspector(s) Name:	Willie Morgan, Michael Seaman-Huynh
Docket Number:	2017-228-S
Utility Name:	Palmetto Utilities, Inc.
Utility Representative:	Bryan Stone, Adam Delk, Andrena Powell-Baker
Number of Customers:	26,207 (32,080 ERCs)
System Type (collection, force main, lagoon, etc):	Collection, Biological Treatment
Location of System:	Elgin, SC
Location of Utility Office:	1710 Woodcreek Farms Rd, Elgin, SC
Treatment Type:	Biological
Permit #:	SC0043451
Last SC DHEC Compliance Rating:	Satisfactory
Frequency checked by WWTF Operator:	Daily
Drinking Water Provider:	City of Columbia, Town of Winnsboro, individual wells.

	System Components Inspected	Compliance			Comments
		Yes	No	N/A	
1	Chlorinator			N/A	UV disinfection treatment used
2	Other chemicals in use	X			
3	Aerators present	X			
4	Plant fenced and locked	X			
5	Warning Signs Visible	X			
6	Fence in good condition	X			
7	Dikes in good condition	X			
8	Odor non-existent or limited	X			
9	Grass mowed	X			
10	Duckweed/Algae acceptable	X			
11	Grease build-up acceptable	X			
12	Plant free of debris	X			
13	Effluent Color acceptable	X			
14	Lift Stations present	X			72; 5 with charcoal filters for odor control
15	Failure Warning System adequate	X			
16	Electric Wiring adequate	X			
17	System free of leaks	X			
18	System free of overflows	X			
19	Access road adequate	X			
20	Ability for service area to expand	X			

Palmetto Utilities, Inc.
Docket No. 2017-228-S
Revenue Impact Analysis

Exhibit MSH-2
Page 1 of 2

Calculated PUI Test Year Revenue Overview¹

Sewer	Customer Classification	Equivalent Residential Connection (ERC) ²	Monthly Rate ³	Test Year Calculated Revenues
	Residential	188,902	\$36.50	\$6,894,923
	Commercial & Industrial	42,913	\$36.50	\$1,566,325
	Dump Station ⁴	392	\$36.50	\$14,308
	Sewer Service Revenue	232,207		\$8,475,556
	Misc. Other Revenue ⁵			\$506,394
	Total PUI Sewer Operating Revenues			\$8,981,950

Calculated PRC Test Year Revenue Overview¹

Sewer	Customer Classification	Consumption in 100's of cubic feet ⁶	Usage Charge per 100 cubic feet ⁷	Service Units ⁶	Basic Facilities Charge ⁷	Test Year Calculated Revenues
	<u>Residential</u>					
	5/8", 1" and 1 1/2" Residential			143,160	\$10.20	\$1,460,232
	2" Residential			36	\$16.32	\$588
	Water Consumption (100's of cubic feet)	954,191	\$4.93			\$4,704,162
	Total Residential	954,191		143,196		\$6,164,982
	<u>Commercial and Industrial</u>					
	5/8", 1" and 1 1/2" Commercial			1,602	\$10.20	\$16,340
	2" Commercial			224	\$16.32	\$3,656
	3" Commercial			36	\$32.64	\$1,175
	4" Commercial			72	\$51.00	\$3,672
	6" Commercial			216	\$102.00	\$22,032
	8" Commercial			44	\$163.20	\$7,181
	10" Commercial			12	\$255.00	\$3,060
	Water Consumption (100's of cubic feet)	73,125	\$4.93			\$360,506
	Total Commercial	73,125		2,206		\$417,622
	Sewer Service Total	1,027,316		145,402		\$6,582,604
	Misc. Other Revenue ⁵					\$875,959
	Total PRC Sewer Operating Revenues					\$7,458,563
	Total PUI & PRC Sewer Operating Revenues					\$16,440,513

- 1 Growth factor not included for comparison purposes
2 PUI Response to ORS Audit Information Request 1-50, November 28, 2017
3 Docket No. 2013-42-S; Order No. 2015-153
4 PUI Response to Utility Rates Request #4, October 4, 2017
5 Exhibit MSH-3
6 PUI Application
7 Docket No. 2012-273-S; Order No. 2012-960

Palmetto Utilities, Inc.
Docket No. 2017-228-S
Revenue Impact Analysis

Exhibit MSH-2
Page 2 of 2

Calculated PUI Proposed Revenue Overview¹

Sewer	Customer Classification	Single Family Equivalent (SFE)²	Monthly Rate⁶	Test Year Calculated Revenues	Increase (\$)	Increase (%)
	Residential	188,902	\$68.05	\$12,854,781	\$5,959,858	86.44%
	Commercial & Industrial	42,913	\$68.05	\$2,920,230	\$1,353,905	86.44%
	Dump Station ⁴	392	\$68.05	\$26,676	\$12,368	86.44%
	Sewer Service Revenue	232,207		\$15,801,687	\$7,326,131	86.44%
	Misc. Other Revenue⁵			\$556,755	\$50,360	9.94%
	Total PUI Sewer Operating Revenues			\$16,358,442	\$7,376,491	82.13%

Calculated PRC Proposed Revenue Overview¹

Sewer	Customer Classification	Single Family Equivalent (SFE) ²	Monthly Rate ⁶	Test Year Calculated Revenues	Increase (\$)	Increase (%)
	Residential	143,613	\$68.05	\$9,772,865	\$3,607,883	58.52%
	Commercial & Industrial	9,142	\$68.05	\$622,113	\$204,491	48.97%
	Sewer Service Revenue	152,755		\$10,394,978	\$3,812,374	57.92%
	Misc. Other Revenue ⁵			\$394,561	-\$481,399	-54.96%
	Total PRC Sewer Operating Revenues			\$10,789,539	\$3,330,975	44.66%
	Total PUI & PRC Sewer Operating Revenues			\$27,147,980	\$10,707,467	65.13%

¹ Growth factor not included for comparison purposes

² PUI Response to ORS Audit Information Request 1-50, November 28, 2017

³ Docket No. 2013-42-S; Order No. 2015-153

⁴ PUI Response to Utility Rates Request #4, October 4, 2017

⁵ Exhibit MSH-3

⁶ PUI Application

⁷ Docket No. 2012-273-S; Order No. 2012-960

Palmetto Utilities, Inc.
Docket No. 2017-228-S
Misc. Revenue

Exhibit MSH-3

PUI Misc Revenue ¹	Per Books			After Increase			Increase		
	Total	PUI	PRC	Total	PUI	PRC	Total	PUI	PRC
Late Fees	\$ 129,902	\$ 58,262	\$ 71,641	\$ 221,754	\$ 108,622	\$ 113,132	\$ 91,852	\$ 50,360	\$ 41,491
Notification Fees	\$ 351,614	\$ 167,850	\$ 183,764	\$ 351,614	\$ 167,850	\$ 183,764	\$ -	\$ -	\$ -
Customer Account Charges ²	\$ 95,550	\$ 44,040	\$ 51,510	\$ 78,380	\$ 44,040	\$ 34,340	\$ (17,170)	\$ -	\$ (17,170)
Reconnect Fees	\$ 33,285	\$ 24,185	\$ 9,100	\$ 33,285	\$ 24,185	\$ 9,100	\$ -	\$ -	\$ -
Returned Check Fees	\$ 15,550	\$ 8,325	\$ 7,225	\$ 15,550	\$ 8,325	\$ 7,225	\$ -	\$ -	\$ -
Tap Fees (non-CIAC portion) ³	\$ 756,453	\$ 203,733	\$ 552,720	\$ 250,733	\$ 203,733	\$ 47,000	\$ (505,720)	\$ -	\$ (505,720)
	\$ 1,382,353	\$ 506,394	\$ 875,959	\$ 951,315	\$ 556,755	\$ 394,561	\$ (431,038)	\$ 50,360	\$ (481,399)

1 Information from PUI Response to Utility Rates Request #15, November 15, 2017

2 Adjust PRC New Account Fees to the PUI rate of \$20.00

3 Adjust PRC Tap Fees to the PUI rate of \$250.00 (Non-CIAC portion only)

Palmetto Utilities, Inc.**Exhibit MSH-4****Docket No. 2017-228-S*****Customer Growth Analysis***

PUI Sewer	<u>Date</u>	<u># of Customers</u>
	March 31, 2016 ¹	13,578
	March 31, 2017 ²	14,288
	Average	13,933
	Growth Factor	2.5479%

PRC Sewer	<u>Date</u>	<u># of Customers</u>
	March 31, 2016 ¹	11,650
	March 31, 2017 ²	11,919
	Average	11,785
	Growth Factor	1.1370%

Total Sewer	<u>Date</u>	<u># of Customers</u>
	3/31/2016	25,228
	3/31/2017	26,207
	Average	25,718
	Growth Factor	1.9014%

1 PUI Response to ORS Audit Information Request 1-39, September 22, 2017

2 PUI Response to ORS Audit Information Request 1-50, November 28, 2017

Palmetto Utilities, Inc.
Docket No. 2017-228-S
Rates Overview

Exhibit MSH-5

SCHEDULE OF CURRENT AND PROPOSED RATES AND CHARGES

Legacy PUI Territory

1. MONTHLY CHARGE

		Current	Proposed
a.	Residential – Monthly charge per single-family house, condominium, villa or apartment unit	\$36.50	\$68.05
b.	Commercial – Monthly charge per single-family equivalent	\$36.50	\$68.05
c.	The monthly charges listed above are minimum charges and shall apply even if the equivalency rating is less than one (1). If the equivalency rating is greater than one (1), then the monthly commercial charges may be calculated by multiplying the equivalency rating by the monthly charge. The monthly residential charge shall be \$68.05 regardless of the equivalency rating.		

Commercial customers are those not included in the residential category above and include, but are not limited to, hotels, stores, restaurants, offices, industry, etc.

The Utility may, for the convenience of the owner, bill a tenant in a multi-unit building, consisting of four or more residential units which is served by a master sewer meter or a single sewer connection. However, in such cases all arrearages must be satisfied before service will be provided to a new tenant or before interrupted service will be restored. Failure of an owner to pay for services rendered to a tenant in these circumstances may result in service interruptions.

2. NONRECURRING CHARGES

		Current	Proposed
a.	Sewer service connection charge per single-family equivalent	\$250.00	\$250.00
b.	Commercial – Monthly charge per single-family equivalent	\$800.00	\$800.00
c.	The nonrecurring charges listed above are minimum charges and apply even if the equivalency rating is less than one (1). If the equivalency rating is greater than one (1), then the proper charge may be obtained by multiplying the equivalency rating by the appropriate fee. These charges apply and are due at the time new service is applied for, or at the time connection to the sewer system is requested.		

Palmetto Utilities, Inc.
Docket No. 2017-228-S
Rates Overview

Exhibit MSH-5

3. BULK TREATMENT SERVICES

The utility will provide bulk treatment services to Richland County ("County") upon request by the county. The rates for such bulk treatment services shall be as set forth above for both monthly charges and nonrecurring charges per single-family equivalent. The County shall certify to the Utility the number of units or taps (residential and commercial) which discharge wastewater into the County's collection system and shall provide all other information required by the Utility in order that the Utility may accurately determine the proper charges to be made to the County. The County shall insure that all commercial customers comply with the Utility's toxic and pretreatment effluent guidelines and refrain from discharging any toxic or hazardous materials or substances into the collection system. The County will maintain the authority to interrupt service immediately where customers violate the Utility's toxic or pretreatment effluent standards of discharge prohibited wastes into the sewer system. The Utility shall have the unfettered right to interrupt bulk service to the County if it determines that forbidden wastes are being or are about to be discharged into the Utility's sewer system.

The County shall pay for all costs of connecting its collection lines into the Utility's mains, installing a meter of quality acceptable to the Utility to measure flows, and constructing a sampling station according to the Utility's construction requirements.

4. NOTIFICATION, ACCOUNT SET-UP AND RECONNECTION CHARGES

- a. Notification Fee: A fee of \$25.00 shall be charged each customer to whom the Utility mails the notice as required by Commission Rule R. 103-535.1 prior to service being discontinued. This fee assesses a portion of the clerical and mailing costs of such notices to the customers creating that cost.
- b. Customer Account Charge: A fee of \$20.00 shall be charged as a one-time fee to defray the costs of initiating service.
- c. Reconnection charges: In addition to any other charges that may be due, a reconnection fee of \$250.00 shall be due prior to the Utility reconnecting service which has been disconnected for any reason set forth in Commission Rule R.103-532.4. Where an elder valve has been previously installed, a reconnection charge of thirty-five dollars (\$35.00) shall be due. The amount of the reconnection fee shall be in accordance with R. 103-532.4 and shall be changed to conform with said rule as the rule is amended from time to time.

5. BILLING CYCLE

Recurring charges will be billed monthly. Nonrecurring charges will be billed and collected in advance of service being provided.

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6. LATE PAYMENT CHARGES

Any balance unpaid within twenty-five (25) days of the billing date shall be assessed a late payment charge of one and one-half (1½%) percent.

7. TOXIC AND PRETREATMENT EFFLUENT GUIDELINES

The Utility will not accept or treat any substance or material that has been defined by the United States Environmental Protection Agency (“EPA”) or the South Carolina Department of Health and Environmental Control (“DHEC”) as a toxic pollutant, hazardous waste, or hazardous substance, including pollutants falling within the provisions of 40 CFR §§ 129.4 and 401.15. Additionally, pollutants or pollutant properties subject to 40 CFR §§ 403.5 and 403.6 are to be processed according to the pretreatment standards applicable to such pollutants or pollutant properties, and such standards constitute the Utility’s minimum pretreatment standards. Any person or entity introducing any such prohibited or untreated materials into the Company’s sewer system may have service interrupted without notice until such discharges cease, and shall be liable to the Utility for all damages and costs, including reasonable attorney’s fees, incurred by the Utility as a result thereof.

8. REQUIREMENTS AND CHARGES PERTAINING TO SATELLITE SYSTEMS

- a. Where there is connected to the Utility’s system a satellite system, as defined in DHEC Regulation 61-9.505.8 or other pertinent law rule or regulation, the owner or operator of such satellite system shall operate and maintain same in accordance with all applicable laws, rules, or regulations.
- b. The owner or operator of a satellite system shall construct, maintain, and operate such satellite system in a manner that the prohibited or untreated materials referred to in Section 7 of this rate schedule (including but not limited to Fats, Oils, Sand or Grease), storm water, and groundwater are not introduced into the Utility’s system.
- c. The owner or operator of a satellite system shall provide Utility with access to such satellite system and the property upon which it is situated in accordance with the requirements of Commission Regulation 103-537.
- d. The owner or operator of a satellite system shall not less than annually inspect such satellite system and make such repairs, replacements, modifications, cleanings, or other undertakings necessary to meet the requirements of this Section 7 of the rate schedule. Such inspection shall be documented by written reports and video recordings of television inspections of lines and a copy of the inspection report received by the owner or operator of a satellite system, including video of the inspection, shall be provided to the Utility. Should the owner or operator fail to undertake such inspection, Utility shall have the right to have service interrupted

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without notice until such inspection is conducted, and shall be liable to the Utility for all damages and costs, including reasonable attorney's fees, incurred by the Utility as a result thereof.

- e. Should Utility determine that the owner or operator of a satellite system has failed to comply with the requirements of this Section 9 of the rate schedule, with the exception of the requirement that a satellite system be cleaned, the Utility may initiate disconnection of the satellite system in accordance with the Commission's regulations, and disconnection to endure until such time as said requirements are met and all charges, costs and expenses to which Utility is entitled are repaid. With respect to the cleaning of a satellite system, the owner or operator of a satellite system shall have the option of cleaning same within five (5) business days after receiving written notice from Utility that an inspection reveals that a cleaning is required. Should the owner or operator of such a satellite system fail to have the necessary cleaning performed within that time frame, the Utility may initiate disconnection of the satellite system in accordance with the Commission's regulations, and disconnection to endure until such time as said requirements are met and all charges, costs and expenses to which Utility is entitled are repaid

9. CONSTRUCTION STANDARDS

The Utility requires all construction to be performed in accordance with generally accepted engineering standards, at a minimum. The Utility from time to time may require that more stringent construction standards be followed in constructing parts of the system.

10. EXTENSION OF UTILITY SERVICE LINES AND MAINS

The Utility shall have no obligation at its expense to extend its utility service lines or mains in order to permit any customer to discharge acceptable wastewater into its sewer system. However, anyone or any entity which is willing to pay all costs associated with extending an appropriately sized and constructed main or utility service line from his/her/its premises to an appropriate connection point on the Utility's sewer system may receive service, subject to paying the appropriate fees and charges set forth in this rate schedule, complying with the guidelines and standards hereof, and, where appropriate, agreeing to pay an acceptable amount for multi-tap capacity.

11. CONTRACTS FOR MULTI-TAP CAPACITY

The Utility shall have no obligation to modify or expand its plant, other facilities or mains to treat the sewerage of any person or entity requesting multi-taps (a commitment for five or more taps) unless such person or entity first agrees to pay an acceptable amount to the Utility to defray all or a portion of the Utility's costs to make modifications or expansions thereto.

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12. SINGLE FAMILY EQUIVALENT

A Single Family Equivalent (SFE) shall be determined by using the South Carolina Department of Health and Environmental Control Guidelines for Unit Contributory Loading for Domestic Wastewater Treatment Facilities 25 S.C. Code Ann. Regs. 61-67 Appendix A (Supp. 2011), as may be amended from time to time. Where the Utility has reason to suspect that a person or entity is exceeding the design loadings established by the Guidelines for Unit Contributory Loadings for Domestic Wastewater Treatment Facilities, the Utility shall have the right to request and receive water usage records from that person or entity and/or the provider of water to such person or entity. Also, the Utility shall have the right to conduct an “on premises” inspection of the customer’s premises. If it is determined that actual flows or loadings are greater than the design flows or loadings, then the Utility shall recalculate the customer’s equivalency rating based on actual flows or loadings and thereafter bill for its services in accordance with such recalculated loadings.

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SCHEDULE OF CURRENT AND PROPOSED RATES AND CHARGES

Legacy PRC Territory

1. MONTHLY CHARGE

		Current	Proposed
a.	Base Fee		
	5/8", 1" and 1 1/2"	\$10.20	\$68.05
	2"	\$16.32	\$68.05
	3"	\$32.64	\$68.05
	4"	\$51.00	\$68.05
	6"	\$102.00	\$68.05
	8"	\$163.20	\$68.05
	10"	\$255.00	\$68.05
b.	Usage Fee	\$4.93 per 100 cubic feet	N/A
c.	The monthly charges listed above are minimum charges and shall apply even if the equivalency rating is less than one (1). If the equivalency rating is greater than one (1), then the monthly commercial charges may be calculated by multiplying the equivalency rating by the monthly charge. The monthly residential charge shall be \$68.05 regardless of the equivalency rating.		

Commercial customers are those not included in the residential category above and include, but are not limited to, hotels, stores, restaurants, offices, industry, etc.

The Utility may, for the convenience of the owner, bill a tenant in a multi-unit building, consisting of four or more residential units which is served by a master sewer meter or a single sewer connection. However, in such cases all arrearages must be satisfied before service will be provided to a new tenant or before interrupted service will be restored. Failure of an owner to pay for services rendered to a tenant in these circumstances may result in service interruptions.

2. NONRECURRING CHARGES

		Current	Proposed
a.	Sewer service connection charge per single-family equivalent	\$1,300.00	\$250.00
b.	Commercial – Monthly charge per single-family equivalent	\$2,640.00	\$800.00
c.	The nonrecurring charges listed above are minimum charges and apply even if the equivalency rating is less than one (1). If the equivalency rating is greater than one		

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	(1), then the proper charge may be obtained by multiplying the equivalency rating by the appropriate fee. These charges apply are due at the time new service is applied for, or at the time connection to the sewer system is requested.
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3. BULK TREATMENT SERVICES

The utility will provide bulk treatment services to Richland County ("County") upon request by the county. The rates for such bulk treatment services shall be as set forth above for both monthly charges and nonrecurring charges per single-family equivalent. The County shall certify to the Utility the number of units or taps (residential and commercial) which discharge wastewater into the County's collection system and shall provide all other information required by the Utility in order that the Utility may accurately determine the proper charges to be made to the County. The County shall insure that all commercial customers comply with the Utility's toxic and pretreatment effluent guidelines and refrain from discharging any toxic or hazardous materials or substances into the collection system. The County will maintain the authority to interrupt service immediately where customers violate the Utility's toxic or pretreatment effluent standards of discharge prohibited wastes into the sewer system. The Utility shall have the unfettered right to interrupt bulk service to the County if it determines that forbidden wastes are being or are about to be discharged into the Utility's sewer system.

The County shall pay for all costs of connecting its collection lines into the Utility's mains, installing a meter of quality acceptable to the Utility to measure flows, and constructing a sampling station according to the Utility's construction requirements.

4. NOTIFICATION, ACCOUNT SET-UP AND RECONNECTION CHARGES

		Current	Proposed
a.	Notification Fee	\$25.00	\$25.00
b.	Customer Account Charge	\$30.00	\$20.00
c.	Reconnection charges (No Elder Valve)	\$250.00	\$250.00
d.	Reconnection charges (Elder Valve)	\$35.00	\$35.00

5. BILLING CYCLE

Recurring charges will be billed monthly. Nonrecurring charges will be billed and collected in advance of service being provided.

6. LATE PAYMENT CHARGES

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